

Steel Supply Company (Western) Limited

**Directors' report and financial
statements**

Registered number 0486993

31 March 2001



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2001.

Principal activities

The company provides management services to its subsidiaries and associates, lets surplus property and operates a bulk handling facility. The principal activities of the company's major subsidiaries are property investment, operation of a hotel, property dealer, developer and trader and the provision of distribution and delivery services.

Business review

The results of the company for the year are shown on page 5.

During the year the company purchased 220,300 £1 ordinary shares at their par value.

Future developments

These activities are expected to continue for the foreseeable future.

Dividend

The directors do not recommend the payment of a dividend (2000: £Nil).

Directors and directors' interests

The directors who served during the year were:

I R Jones
R S R Jones
R M Robbins - resigned 23 February 2001

The interests of the directors in the share capital of the company were as follows:

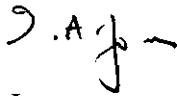
	£1 ordinary shares	
	2001	2000
I R Jones	-	220,300
R S R Jones	111,213	87,214

Directors' report *(continued)*

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



I A Jones
Secretary

10 St James Crescent
Uplands
Swansea

16 July 2001

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



Marlborough House
Fitzalan Court
Fitzalan Road
Cardiff
CF24 0TE
United Kingdom

Auditors' report to the members of Steel Supply Company (Western) Limited

We have audited the financial statements on pages 5 to 18.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3 the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

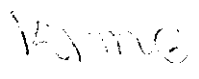
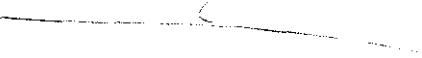
Basis of audit opinion

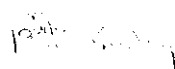
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants
Registered Auditors

 2001

Profit and loss account
for the year ended 31 March 2001

	<i>Note</i>	2001 £	2000 £
Turnover	<i>1</i>	182,544	91,226
Cost of sales		(121,552)	(98,299)
Gross profit/ (loss)		60,992	(7,073)
Administrative expenses		(391,071)	(376,376)
Other operating income		180,561	154,638
Operating loss		(149,518)	(228,811)
Interest receivable and similar income	<i>2</i>	-	251
Interest payable and similar charges	<i>3</i>	(10,724)	(65)
Loss on ordinary activities before taxation	<i>4-6</i>	(160,242)	(228,625)
Tax on loss on ordinary activities	<i>7</i>	2,127	8,022
Loss for the financial year	<i>18</i>	(158,115)	(220,603)

The above results represent the company's total recognised gains and losses in both financial years.

Balance sheet
at 31 March 2001

	Note	2001	2000
		£	£
Fixed assets			
Tangible assets	8	409,268	428,131
Investments	9	5,695	5,695
		<u>414,963</u>	<u>433,826</u>
Current assets			
Stocks	10	8,010	11,730
Debtors	11	1,127,807	1,189,633
Cash at bank and in hand		155	1,077
		<u>1,135,972</u>	<u>1,202,440</u>
Creditors: amounts falling due within one year	13	<u>(385,393)</u>	<u>(247,183)</u>
Net current assets			
Due within one year		27,818	(68,760)
Debtors due after more than one year		722,761	1,024,017
		<u>750,579</u>	<u>955,257</u>
Total assets less current liabilities		<u>1,165,542</u>	<u>1,389,083</u>
Creditors: amounts falling due after more than one year	14	<u>(157,966)</u>	<u>(965)</u>
Provisions for liabilities and charges	15	<u>(10,482)</u>	<u>(12,609)</u>
Net assets		<u>997,094</u>	<u>1,375,509</u>
Capital and reserves			
Called up share capital	16	221,758	442,058
Capital redemption reserve	18	415,242	194,942
Profit and loss account	18	360,094	738,509
Shareholders' funds	17	<u>997,094</u>	<u>1,375,509</u>

These financial statements were approved by the board of directors on behalf by:

16 July 2001 and were signed on its


R S R Jones
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Cash flow statement

Under Financial Reporting Standard 1 (Revised 1996), the company is exempt from the requirement to prepare a cash flow statement as it is entitled to the filing exemptions available to small companies under Sections 246 to 249 Companies Act 1985.

Consolidation

The company, being the parent of a small group, is exempt by virtue of section 248 Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold wharves, buildings and fixed plant	-	20 years
Motor vehicles	-	4 years
Other assets	-	10 years

No depreciation is provided on freehold land.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

Notes (continued)

1 Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Grants

Capital based government grants are included within deferred income in the balance sheet and credited to operating profit over the estimated useful economic lives of the assets to which they relate.

Finance leases and similar hire purchase contracts

Where the company enters into a lease or similar hire purchase contracts which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charged to the profit and loss account on a straight line basis over the life of the leases.

Pension costs

The company makes payments to defined contribution schemes for eligible staff, all of which are money purchase plans, which are charged to the profit and loss account as they become due.

2 Interest receivable and similar income

	2001 £	2000 £
Bank interest	-	251

3 Interest payable and similar charges

	2001 £	2000 £
Bank overdraft interest	10,401	65
Interest on hire purchase contract	323	-
	10,724	65

Notes (continued)

4 Loss on ordinary activities before taxation

	2001	2000
	£	£
<i>Loss on ordinary activities before taxation is stated after charging/(crediting):</i>		
Depreciation – on owned assets	59,352	62,272
Depreciation on assets subject to hire purchase contracts	906	-
Auditors' remuneration – audit	5,500	5,500
Auditors' remuneration – other services	4,650	12,450
Government grants released	(546)	(543)
	<u> </u>	<u> </u>

5 Staff numbers and costs

The average number of persons (including directors) employed by the company during the year, analysed by category, was as follows:

	Number of employees	
	2001	2000
Management	2	3
Administrative	3	3
Handling and despatch	2	1
	<u> </u>	<u> </u>
	7	7
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons were as follows:

	2001	2000
	£	£
Wages and salaries	177,996	210,431
Social security costs	16,247	20,428
Other pension costs	17,120	17,120
	<u> </u>	<u> </u>
	211,363	247,979
	<u> </u>	<u> </u>

Notes (continued)

6 Remuneration of directors

	2001 £	2000 £
Directors' remuneration	131,153	184,819
Contributions to pension schemes	15,912	15,912
	<u>147,065</u>	<u>200,731</u>

The aggregate emoluments of the highest paid director were £70,320 (2000: £94,252). There were no payments made to pension schemes on his behalf (2000: £Nil).

Retirement benefits are accruing to two directors (2000: 2) under defined contribution schemes.

Included within directors emoluments is £35,879 (2000: £58,191) relating to benefits accruing to directors from the provision of cars by the company and from the use of assets owned by the company and its subsidiary undertakings for no charge.

7 Taxation

	2001 £	2000 £
Current year:		
Deferred taxation release	2,127	8,022
	<u>2,127</u>	<u>8,022</u>

The tax credit for the current and prior years differs from that which would be expected by applying the basic rate of tax to the loss for the year. This is due to the effect of tax losses carried forward, on which no deferred tax asset has been recognised, and by group losses relieved to subsidiaries for which no charge has been made.

Notes (continued)

8 Tangible fixed assets

	Freehold land	Freehold wharves, buildings and fixed plant	Plant and machinery	Fixtures, fittings, tools and equipment	Total
	£	£	£	£	£
Cost					
At beginning of year	65,550	1,063,260	405,111	40,509	1,574,430
Additions	-	15,016	18,000	8,555	41,571
Disposals	-	-	(45,370)	(176)	(45,546)
At end of year	65,550	1,078,276	377,741	48,888	1,570,455
Depreciation					
At beginning of year	-	792,583	318,445	35,271	1,146,299
Charge for the year	-	36,232	21,962	2,064	60,258
On disposals	-	-	(45,370)	-	(45,370)
At end of year	-	828,815	295,037	37,335	1,161,187
Net book value					
At 31 March 2001	65,550	249,461	82,704	11,553	409,268
At 31 March 2000	65,550	270,677	86,666	5,238	428,131

There were no outstanding capital commitments at the year end (2000: £Nil). The net book value of assets subject to hire purchase contracts was £13,594 (2000: £Nil) and the depreciation charged on such assets was £906 (2000: £Nil).

Notes (continued)

9 Investments (held as fixed assets)

	Shares in group undertakings £	Participating interests £	Other investments £	Total £
Cost				
At beginning of year	10,351	50	5,693	16,094
Acquisitions	90	-	-	90
Disposals	(90)	-	-	(90)
At end of year	10,351	50	5,693	16,094
Provisions				
At beginning of year	10,349	50	-	10,399
Charge	90	-	-	90
Disposals	(90)	-	-	(90)
At end of year	10,349	50	-	10,399
Net book value				
At 31 March 2001	2	-	5,693	5,695
At 31 March 2000	2	-	5,693	5,695

The undertakings in which the company's interest is equal to or more than 20% are as follows:

	Principal activity	Class and percentage of shares held	
		Class	% held
Subsidiary undertakings			
Steel Supply (Property) Limited	Property Dealing	Ordinary £1 shares	100
SJC Developments Limited	Property Dealing	Ordinary £1 shares	100
Rhossili Hotel Limited	Hotelier	Ordinary £1 shares	100
Charterflow Limited	Dormant	Ordinary £1 shares	80
Neath Abbey Wharf Limited	Non-trading	Ordinary £1 shares	100
MC14 Limited	Property Holding	Ordinary £1 shares	100
Move It Transport Limited	Distribution and delivery	Ordinary £1 shares	90

The following information is relevant to the material undertakings in which the company's interest was more than 20% in either the current or preceding financial year.

Notes (continued)

	Capital and reserves at the year end £	2001 Profit/(loss) for the year after taxation £	Capital and reserves at the year end £	2000 Profit/(loss) for the year after taxation £
Subsidiary undertakings				
Steel Supply (Property) Limited	(338,262)	954	(339,216)	(2,571)
SJC Developments Limited	563,898	87,574	476,324	84,326
Rhossili Hotel Limited	108,106	43,444	64,662	25,445
Charterflow Limited	(29,201)	-	(29,201)	-
Neath Abbey Wharf Limited	-	-	-	(3,216)
MC14 Limited	49,070	24,141	24,929	24,927
Move It Transport Limited	(39,922)	(40,022)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

10 Stocks

	2001 £	2000 £
Stock for resale	<u>8,010</u>	<u>11,730</u>

11 Debtors

	2001 £	2000 £
Trade debtors	112,669	90,878
Amounts owed by subsidiary undertakings	1,006,006	1,051,412
Other debtors	5,490	42,166
Prepayments and accrued income	3,642	5,177
	<u>1,127,807</u>	<u>1,189,633</u>

Of the amounts owed by subsidiary undertakings, £722,761 (2000: £1,024,017) is receivable after more than one year.

Notes (continued)

12 Transactions with directors

During the course of the year, there were the following transactions with the directors:

	Amounts due to/(from) company	
	R S R Jones	I R Jones
	£	£
Balance at beginning of year	142	36,910
Repayments	-	(73,900)
Cash advances to directors	650	38,028
Sale of vehicles	-	10,000
Repurchase of shares	-	(192,800)
Balance at end of year	792	(181,762)

The amounts owed are interest free and unsecured. The maximum amount outstanding during the year by R S R Jones was £792 and by I R Jones was £36,910.

13 Creditors: amounts falling due within one year

	2001	2000
	£	£
Bank overdraft	122,645	113,982
Trade creditors	98,820	56,720
Amounts owed to subsidiary undertakings	53,590	3,912
Other taxes and social security	16,949	17,022
Accruals and deferred income	45,534	55,547
Obligations under hire purchase contracts	6,287	-
Loan from I R Jones (note 12)	30,000	-
Other creditors	11,568	-
	385,393	247,183

The bank overdraft is secured by a fixed charge over the freehold property at 10 St James Crescent, Uplands, Swansea.

Notes (continued)

14 Creditors: amounts falling due after more than one year

	2001 £	2000 £
Deferred income	419	965
Obligations under hire purchase agreements	5,785	-
Loan from IR Jones (see note 12)	151,762	-
	<u>157,966</u>	<u>965</u>

Deferred income represents a rail facility grant received from the Welsh Office.

Obligations under finance lease and hire purchase contracts are repayable as follows:

	2001 £	2000 £
Within one year	6,287	-
Between one and two years	5,785	-
	<u>12,072</u>	<u>-</u>

15 Provisions for liabilities and charges

	Deferred taxation £
At beginning of year	12,609
Released to the profit and loss account in the year	(2,127)
	<u>10,482</u>
At end of year	<u>10,482</u>

The potential deferred taxation liability/(asset) comprises tax at 20% (2000: 20%) as follows:

	2001		2000	
	Provided £	Unprovided £	Provided £	Unprovided £
Accelerated capital allowances	10,566	-	12,802	-
Tax losses carried forward	-	(84,358)	-	(79,974)
Deferred grant income	(84)	-	(193)	-
	<u>10,482</u>	<u>(84,358)</u>	<u>12,609</u>	<u>(79,974)</u>

Notes (continued)

16 Called up share capital

	2001 £	2000 £
<i>Authorised</i>		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
<i>Allotted called up and fully paid</i>		
Ordinary shares of £1 each	221,758	442,058

During the year, the company purchased 220,300 £1 ordinary shares from I R Jones, a director of the company, at their nominal value.

17 Reconciliation of movements in shareholders' funds

	2001 £	2000 £
Loss for the financial year	(158,115)	(220,603)
Movement in shareholders' funds	(158,115)	(220,603)
Transfer on purchase of own shares	(220,300)	-
Opening shareholders' funds	1,375,509	1,596,112
Closing shareholders' funds	997,094	1,375,509

18 Reserves

	Capital redemption reserve £	Profit and loss account £	Total £
At beginning of year	194,942	738,509	933,451
Loss for financial year	-	(158,115)	(158,115)
Transfer on purchase of own shares (see note 16)	220,300	(220,300)	-
At end of year	415,242	360,094	775,336

19 Pensions

The company operates defined contribution pension schemes which are administered by trustees and are independent of the company's finances. The pension costs charged in the year amounted to £17,120 (2000: £17,120).

Notes (continued)

20 Related party transactions

The directors consider the material transactions undertaken by the company during the year with parties related to the company were as follows:

Name of party	Relationship	Type of transaction	Transaction amount	
			Year to 31 March 2001 £	Year to 31 March 2000 £
SJC Developments Limited	Subsidiary undertaking	Salary cost recharge receivable	15,000	15,000
Neath Abbey Wharf Limited	Subsidiary undertaking	Administrative cost recharge	-	3,216
MC14 Limited	Subsidiary undertaking	Management time recharge	5,000	5,000
MC14 Limited	Subsidiary undertaking	Net receipts on behalf of the related party	24,588	-
Move It Transport Limited	Subsidiary undertaking	Loan received	20,000	-
Move It Transport Limited	Subsidiary undertaking	Issue of share capital	90	-
Rhossili Hotel Limited	Subsidiary undertaking	Payment on behalf of the related party	31,638	-

During the two years to 31 March 2001, an investment property, which cost £115,736, and the associated equipment owned by SJC Developments Limited were rented to the directors for no charge.

In addition, the company provides certain assets and finance, management, administration and payroll services to its subsidiaries for which no charges are levied.

The amounts due to and from the company's related parties at the year end and the related provisions are:

Notes *(continued)*

Name of party	Relationship	Amount due (to)/from related party at 31 March 2001		Amount due (to)/from related party at 31 March 2000	
		Gross balance	Provision	Gross balance	Provision
		£	£	£	£
Steel Supply (Property) Limited	Subsidiary undertaking	346,570	(335,794)	350,190	(335,794)
SJC Developments Limited	Subsidiary undertaking	737,761	-	817,186	-
Rhossili Hotel Limited	Subsidiary undertaking	252,469	-	219,830	-
Charterflow Limited	Subsidiary undertaking	29,201	(29,201)	29,201	(29,201)
MC14 Limited	Subsidiary undertaking	(28,500)	-	(3,912)	-
Move It Transport	Subsidiary undertaking	(20,090)	-	-	-

Details of transactions and balances with directors are shown in note 12.

Other than those shown above, there were no provisions at 31 March 2001 in respect of amounts due to or from related parties and no amounts were written off in the year in respect of amounts due to or from related parties, other than those disclosed above.

21 Immediate and ultimate controlling party

The company's immediate and ultimate controlling party is R S R Jones, a director and shareholder of the company.